

INFORMATION REPORT

CONFIDENTIAL

COUNTRY Hungary

SUBJECT The Metal Industry

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Iron and steel Production in Hungary does not meet the requirements.

1. Iron ore. The iron ore supplied by Russia is very low grade, and it costs more than the best Swedish iron ore. Complaints about the quality of the ore have been made in the past, but because of increasing risks, such complaints are no longer made. Reports from the districts where this ore is used in the blast furnaces mention that these areas are covered with clouds of smoke and dust. A large iron foundry was to be built at Mohács to use Yugoslavian iron ore. Work was started on the foundations, but after the break with Yugoslavia, work was discontinued. However, Russian commissions have recently revisited the Mohács site.
2. Imported iron. Iron was imported mainly in the form of rails and rail fittings; a large proportion of it was ordered from the "West" and should have been delivered by now. The report given by a Hungarian commission, which visited Poland in order to place orders especially for rails and rail fittings, revealed that the quality of the material that Poland would send to Hungary would not satisfy specifications. The commission was informed that this material was also used in Poland, and should therefore be good enough for Hungary. Possibly the material which would be sent to Hungary would be sub-standard and unsuitable for Poland, but Hungary is not in a position to complain, and therefore the order was placed.
3. The shortage of iron and steel is seriously affecting large factories. The delivery terms are not kept in spite of heavy fines. The Russian reparations will be finished in 8-18 years, and only some goods will be delivered according to schedule.
4. Tungsten carbide. Steels for high-speed tools and stainless steels are almost unobtainable.

Nonferrous metals

5. Copper and copper alloys. The shortage of these materials has become very severe since Yugoslavia stopped all exports to Hungary. All stocks have been

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exhausted, and the only possible sources are small amounts in odd places. A special permit is required in order to obtain even negligible amounts of copper or brass, and then only in exchange for scrap material of the same kind. A recent order requires that this scrap material must first be sent to a metal foundry, and only after this scrap has been reformed in sheets and bars will the customer get it back. The quality of the copper, particularly for the electrical industry, is most unsuitable, the specific resistance greatly exceeds that of standard quality and varies with every delivery. It is partly because of this that electrical machines will not give the specified output. The Manfred Weiss metal plant has been practically at a standstill, and only a small quantity of copper and brass scrap has been sent from Bulgaria for re-conversion into sheets and bars.

6. Tin. This metal is also in very short supply. A special permit is required to obtain quantities of as little as one kilogram and even after obtaining the permit, three months is required before delivery.
7. Aluminum. There is an ample supply of this metal; a large number of electrolytic furnaces have been built and more are under construction, notably at Tokod and Ajka, to increase production further. Since the supply exceeds the national demand, it would appear that some of the aluminum is being exported. The rebuilding of the Manfred Weiss Aircraft Factory also might be responsible for the increased production.

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